



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.0800	1.0400
Spot Ref:	1.0610	
Tenor:	2 weeks	
Date:	18 Mar 2015	
Time:	17:40 hrs	
Resistance / Support:	1.0798	1.0402

Commentary:

- Eurozone February CPI confirmed at minus 0.3%, but core inflation up (Tue 17-Mar).
- Eurozone employment growth slows in Q4 (Tue 17-Mar).
- German investor sentiment hits 13-month high in March: ZEW (Tue 17-Mar).
- Eyes on US Fed's FOMC statement (due Thu 19-Mar, 02:00 hrs SGT).

Eurostat said consumer prices in the 19 countries sharing the euro rose 0.6% month-on-month for a **0.3% year-on-year fall** in February, up from the low of -0.6% touched in January but still dangerously low as the ECB battles the threat of deflation. Inflation has been falling largely due to diving oil prices, and the "core" rate - which strips out energy - was actually revised up to 0.7% in February, from the initial 0.6% reading.

Eurozone employment grew at a slower pace at the end of 2014, data published by Eurostat showed Tuesday. Employment rose 0.1% q/q in Q4, which slower than the 0.2% rise in Q3 and 0.3% in Q2. On a yearly basis, employment growth accelerated to 0.9% from 0.7% in Q3. There were 148.6 million employed in the eurozone in the Q4. In the EU28, employment rose 0.2% q/q in Q4 and 1% from the same period of last year.

Investor sentiment in Germany rose for the fifth consecutive month to reach a 13-month high in March, driven by positive domestic economic data. The widely watched investor confidence index calculated by the ZEW economic institute rose by 1.8 points to 54.8 points in March, its highest level since February 2014, ZEW said in a statement. The index fell short of analysts' expectations for a more robust rise to 60.0 points. The sub-index measuring financial market players' view of the current economic situation in Germany jumped by 9.6 points to 55.1 points in March, its highest level since July 2014.

The focus will be the US Fed's March FOMC decision due tonight with an update of the dot-plot chart & the updated Summary of Economic Projections followed by a press conference by Fed Chair Janet Yellen. Essentially, the markets are expecting Yellen to remove the Fed's pledge to be "patient" on raising interest rates within the statement and the markets expect it to be replaced with some form of data-dependent language on the need for "reasonable confidence" but there are also some market watchers who think that nothing will be used to replace it. Markets will also be watching if Yellen addresses the Fed's view on the recent US dollar strength, most likely during the press conference but not in the FOMC statement.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.4950	1.4550
Spot Ref:	1.4673	
Tenor:	2 weeks	
Date:	18 Mar 2015	
Time:	17:40 hrs	
Resistance / Support:	1.4894	1.4531

Commentary:

- UK industrial output falls in January, hit by tumble in IT work (Wed 11-Mar).
- UK unemployment hits 6-year low in pre-budget boon for Osborne (Wed 18-Mar).
- UK trade deficit narrows in January on oil price falls (Thu 12-Mar).
- BoE says UK strength, divergent policy could boost pound (Wed 18-Mar).

British industrial output expectedly fell in January hit by a reduction in work in the IT and machinery sectors after a strong December. Industrial output fell by a monthly 0.1%, compared with forecast for a 0.2% increase. The ONS said manufacturing output slid 0.5% in January from December. The biggest drag came from the computer, electronic and optical sector in which output plunged by 9.5%, its biggest monthly fall since early 2002. In yearly terms, industrial production and manufacturing were up 1.3% and 1.9% respectively. Over the three months to January, a less volatile measure of output, manufacturing was up 0.4% compared with the previous three months.

The UK trade deficit has narrowed to £616 million in January from a five-year high of £2.1 billion in December. Imports decreased by £2.5 billion from December 2014, the largest monthly decrease since July 2006. The large decrease in imports was mainly due to a £1.3 billion fall in the imports of fuels, specifically oil. Imports of oil were £2.2 billion in January, their lowest level since May 2009. The balance of trade in goods excluding oil also narrowed to a deficit of £7.8 billion, the lowest June 2013.

Unemployment based on ILO methods fell 102,000 to 1.86 million in the three months through January, the ONS said Wednesday. The jobless rate held at 5.7%. Regular pay grew by 1.6% from a year earlier, outstripping inflation by the biggest margin since 2008.

BoE policy makers said the continued strength of the UK economy could strengthen the pound further and increase the chance that low inflation will persist.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 0.7750 0.7500
 Spot Ref: 0.7602
 Tenor: 2 weeks
 Date: 18 Mar 2015
 Time: 17:40 hrs
 Resistance / Support: 0.7747 0.7511
 Commentary:



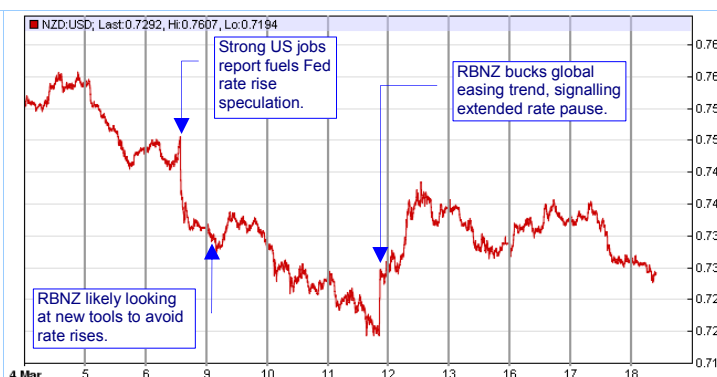
- Australian jobless rate falls to 6.3% in February as hiring rebounds (Thu 12-Mar).
- Aussie dollar rises as US retail sales drop (Thu 12-Mar).
- More interest rate cuts loom despite housing fears: RBA minutes (Tue 17-Mar).

Australian unemployment fell in February, indicating the RBA's effort to shore up confidence with record-low interest rates is starting to pay off. The jobless rate dropped to 6.3% from 6.4% as fewer people sought work. That compares with a median estimate of 6.4%. The number of people employed advanced by 15,600 after a drop of 14,600 in January. The number of full-time jobs rose by 10,300 in February, and part-time employment increased by 5,300. Australia's participation rate, a measure of the labour force in proportion to the population, fell to 64.6% in February from 64.7% a month earlier.

The Aussie dollar rose as disappointing US retail sales figures made traders question the timing of an expected US interest rate rise. Retail sales contracted for a third month in February as sales dropped -0.6% m/m on a seasonally adjusted basis (consensus was for a 0.3% increase), from a downwardly revised -1.1% m/m in January. Analysts attributed the drop to the harsh weather in February. As a result, some economists cut Q1 GDP growth estimates by as much as 0.6% to a 1.2% annual rate.

The monetary policy minutes from the RBA on Tuesday showed that it did consider another rate cut during the last meeting but in the end decided to stay on pause while awaiting more data. It also reiterated the view that the lower Aussie will help the Australian economy, but the RBA continues to view the currency as above most estimates of fundamental value. RBA noted that the housing price growth remained strong in Sydney and Melbourne but muted elsewhere. RBA also noted that household leverage has not increased significantly even as the RBA conceded that the recent rate cut could still boost the housing market at the margin. The RBA also said that it will work with other regulators to contain risks that might originate from the housing market (macro-prudential measures).

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.7400 0.7150
 Spot Ref: 0.7292
 Tenor: 2 weeks
 Date: 18 Mar 2015
 Time: 17:40 hrs
 Resistance / Support: 0.7441 0.7129
 Commentary:



- RBNZ bucks global easing trend, signalling extended rate pause (Thu 12-Mar).
- Fonterra's GlobalDairyTrade auction prices fall (Wed 18-Mar).
- NZ Q4 GDP expected to ease on cooling momentum in primary sectors (due Thu 19-Mar, 05:45hrs SGT).

RBNZ bucked a global policy easing trend, deciding to keep interest rates on hold even as inflation slows to zero. The kiwi spiked after the news. "Our situation is quite different from some of those countries that have changed monetary policy or cut interest rates". Governor Graeme Wheeler said after keeping the official cash rate at 3.5%. "We've got an economy that's growing at 3.25%, perhaps 3.5% and we're projecting it to continue to grow at those sorts of rates over the next two years". However, "future interest rate adjustments, either up or down, will depend on the emerging flow of economic data".

Fonterra says a threat to poison milk products with 1080 had "minimal impact" on Tuesday night's dairy auction, after prices plunged 8.8%. Prices at the GlobalDairyTrade (GDT) auction dropped to an average of US\$3136 a tonne, down from US\$3374 at the previous fortnightly auction. The auction is the first to be held since the police revealed a threat to contaminate milk products, including infant formula, with the pest-control poison 1080. The poor result has ended a run of six consecutive price increases in a row, and led to farmer payout forecasts being downgraded. The kiwi dollar slipped below US 73 cents.

Economic growth in NZ likely eased in Q4 as activity in primary industries levelled off from Q3's blistering pace, bolstering the view that the country's interest rates will stay on hold until early 2016. Economists expect the economy expanded 0.7% q/q in Q4, easing from 1.0% q/q in Q3, nudging annual growth up to 3.3% from 3.2% in Q3. In last week's monetary policy statement, the RBNZ said it expected the economy to post annual growth of more than 3% over the next two years, but there was no need to move on rates because it expected inflation to remain lower for longer due to falling oil prices.



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